Aiming High

Annual Report 2000

BRAMPTON BRICK Limited

Contents

Through a "Name the Robots" contest, fellow Brampton Brick employees affectionately named the company's two new, state-of-the-art setting robots after Greg Delutis and Aldo Nasato – two long time employees who will be retiring in 2001.

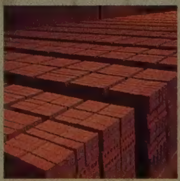
"The hard work, dedication and loyalty of Greg and Aldo, both of whom have been with the company for almost 40 years, have been instrumental to the success of Brampton Brick," said Jeffrey Kerbel, President and Chief Executive Officer. *"By naming the new robots after them, we're able to give them lasting recognition which they truly deserve."*

Corporate Profile

Brampton Brick is Canada's second largest manufacturer of clay brick and holds a 38.2% interest in the largest producer of concrete block in Ontario. The Company's products are used for residential construction and institutional, commercial and industrial building projects.

Medical Waste Management, which commenced operations in February 1999, operates a facility for the destruction of biomedical and pharmaceutical waste in Ontario.

Roxy Construction provides trucking services to third parties in addition to transporting raw materials and finished products for the Company.



Financial Overview

(in thousands of dollars, except per share amounts)

Operations	2000	1999
Net sales	$ 47,828	$ 43,891
Operating income	16,264	12,848
Net income for the year	11,273	9,862
Cash provided by operations	17,009	14,824
Purchase of capital assets	29,664	4,465
Return on average shareholders' equity (%)	19.3	20.2
Share Data		
Net income per share	$ 1.03	$ 0.88
Book value per share	5.84	4.84
Weighted average number of shares outstanding (thousands)	10,943	11,155
Financial Position		
Working capital (deficit)	$ (2,485)	$ 10,790
Total assets	94,819	69,222
Total liabilities	31,943	15,542
Shareholders' equity	62,876	53,680
Total liabilities to shareholders' equity	0.51:1	0.29:1

Shares Outstanding

The Company has 10,764,454 common shares outstanding as at December 31, 2000 comprised of 7,692,204 Class A Subordinate Voting Shares and 3,072,250 Class B Multiple Voting Shares. The Class A shares trade on the Toronto Stock Exchange under the ticker symbol "BBL.A".

Annual Meeting

The Annual Meeting of the Shareholders of the Company will be held on May 9, 2001, at 9:30 a.m. in the Caledon Ballroom of the Holiday Inn, 30 Peel Centre Drive, Brampton, Ontario.

Annual Report

Additional copies of the 2000 Annual Report in English or French, may be obtained from the Vice-President, Finance, Brampton Brick Limited, 225 Wanless Drive, Brampton, Ontario L7A 1E9.

President's Message to Shareholders

The year 2000 was an excellent year for Brampton Brick Limited. Led by a strong economy and a robust new home construction market, the Company achieved very positive operating results again this year. The strong demand we experienced for our products – which is expected to grow over the next several years – helped us to aim high in terms of our goals and accomplishments.

As a result, I am pleased to report record financial performance for the second year in a row. Net income for the year ended December 31, 2000 is $11,273,000, versus $9,862,000 in 1999, an increase of 14%. Net income per share is $1.03 compared to $0.88 last year. This achievement was attained through a combination of higher sales, improved margins, and a focus on productivity improvements and cost controls.

At Brampton Brick, we ended the year on a very high note, becoming the single largest clay brick producing facility – under one roof – in North America. At the same time, we remain one of the lowest cost producers of clay brick. The plant expansion, which was completed in December 2000, substantially on-schedule and on-budget, includes a complete, new production line that has increased production capacity by 50%, thus allowing us to benefit from economies of scale and keep pace with the increase in demand for our products.

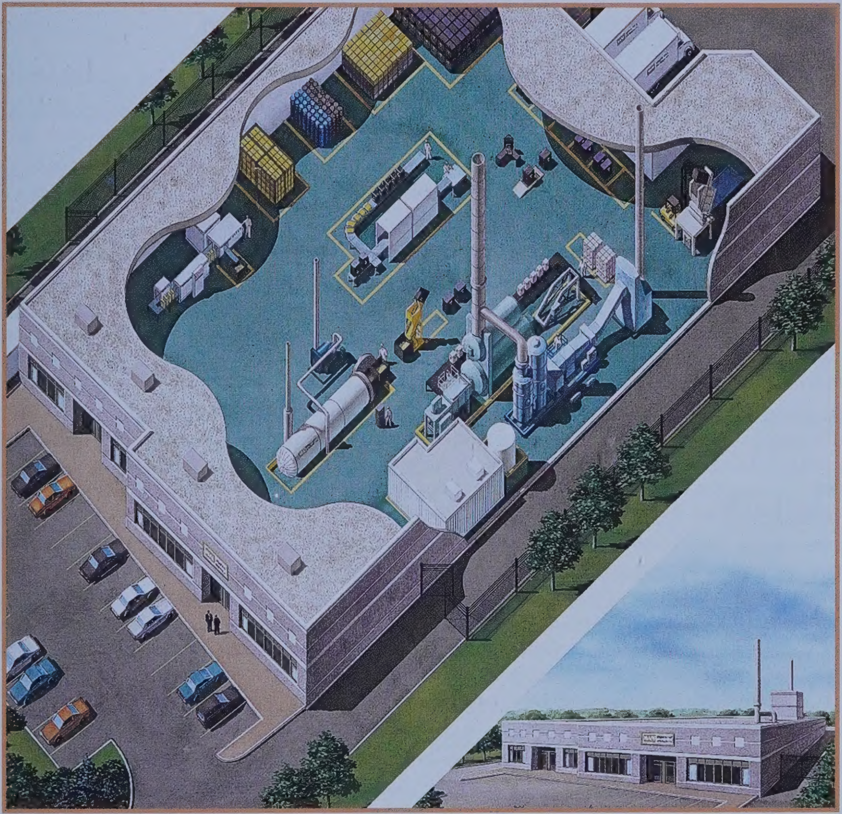
Productivity improvements are instrumental to both the current and future success of the Company. By improving our production capabilities, we are in a position to mitigate unexpected increases in costs, specifically the dramatic rise in energy prices. The costs of both natural gas and hydro-electric power have risen rapidly and are expected to remain high in the near future. However, as a result of the enhancements undertaken in the areas of plant productivity, flexibility and efficiency, Brampton Brick should be able to offset much of the negative impact on earnings.

Throughout the past year, we also reaffirmed our commitment to customers, providing them with superior customer service and products of the highest possible quality which serve to differentiate us from other building products suppliers. Striving to meet customers' needs, we match production schedules, on-hand inventory and delivery dates with customer requirements.

Brampton Brick's subsidiaries – Roxy Construction and Medical Waste Management – performed well in 2000 and should continue to do so in the future. Medical Waste Management, a 65% owned subsidiary, has just received approval to operate a new medical waste incinerator. Commercial operation is scheduled to commence in early April. With the only commercially operating medical waste incinerator in the Province of Ontario, revenues and profitability of this business are expected to increase considerably. Richvale York Block, in which the Company has a 38.2% interest, had another very successful year in 2000 contributing $0.11 per share to net income, the same as last year.

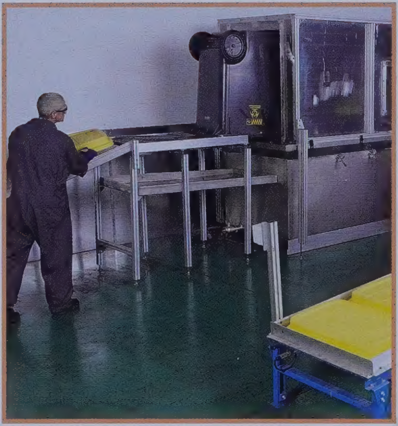
While 2000 proved to be an outstanding year for the Company, we remain dedicated to continuously aiming high. By making significant strides in enhancing the Company's productivity, remaining thoroughly committed to producing clay bricks of the highest quality, and offering customers a steadfast commitment to superior customer service, Brampton Brick should continue to improve upon its record of success.

Jeffrey G. Kerbel,
President and Chief Executive Officer



Artist's rendering of Medical Waste Management's plant expansion and medical waste incinerator installation.

Medical Waste Management's brand new, state-of-the-art medical waste incinerator is scheduled for commercial operation in April 2001. This is the first and only medical waste incinerator approved by the Ministry of Environment for commercial operation in Ontario.



Fully automated container washing/sanitizing system designed by Medical Waste Management. The introduction of high-quality, reusable containers has all but eliminated the need for single-use disposable packaging, thereby reducing healthcare waste volumes and associated costs.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Operations

Operating activities during the year 2000 produced record results – the second year in a row – in terms of brick shipments, net sales, and net income.

For the year ended December 31, 2000, net income increased by $1,411,000 to $11,273,000, up from $9,862,000 reported for 1999. On a per share basis, net income is $1.03 compared to $0.88 last year. Higher sales and improved gross margins are the primary factors contributing to the 14.3% increase in net income.

Net income of $11,273,000 represents a return on net sales of 23.6% and a return on average shareholders' equity of 19.3%. Comparative figures for 1999 are 22.5% and 20.2%, respectively.

Net sales are a record $47,828,000 in 2000, an increase of $3,937,000 over the previous record of $43,891,000 achieved in 1999. Higher brick shipments, increased selling prices, and growth in revenues from the new medical waste operations all contributed to the increase in net sales. The Company's primary market areas of Ontario and Quebec saw housing starts increase from almost 93,000 units in 1999 to 96,200 units in 2000.

Continued emphasis on productivity improvements and effective cost control measures throughout all aspects of the Company's operations produced a significant improvement in gross margins. The total of cost of sales, selling, general and administrative expenses in 2000 is virtually flat with 1999, increasing by only $41,000. As a result, operating income before interest expense and other items increased by $3,416,000 to $16,264,000 in 2000 compared to $12,848,000 in 1999 – a 26.6% increase.

Net interest expense, which totaled $265,000 in 2000 decreased slightly from last year due to a reduction in the amount of interest bearing debt outstanding throughout most of the year. In addition, interest of $91,000 was capitalized to the cost of the new production line.

Richvale York Block Inc., in which the Company has a 38.2% equity interest, had another successful year in 2000 and, as a result, our share of their net income – $1,169,000 – is only $24,000 lower than last year. On a per share basis, the contribution to net income equates to $0.11, the same as last year.

Medical Waste Management Inc., continues to demonstrate solid growth since operations commenced in February 1999. The volume of waste processed in 2000 is almost 3 times greater than in 1999. This operation sustained a small loss in 2000 which decreased consolidated net income by $0.01 per share. The Company has a 65% interest in this subsidiary.

Income from trucking operations improved slightly in 2000 and contributed approximately $0.01 per share to consolidated net income in each of 1999 and 2000.

In 1999, the Company recorded a charge of $894,000 to write-off the remaining net book value of existing manufacturing offices, warehouse and maintenance facilities which were demolished to make way for the new production line. Also, in 1999 the Company was able to utilize income tax losses carried forward from a subsidiary to reduce income taxes payable by approximately $1,219,000, thus reducing the effective rate of income taxation.

Cash Flow, Liquidity and Capital Resources

Cash flow from operations also achieved a record level in 2000 increasing by $2,185,000 to $17,009,000. The increase in net income and a reduction in the number of days sales outstanding in accounts receivable account for the increase.

Cash utilized for the purchase of capital assets in 2000 includes $25,298,000 pertaining to the plant expansion project. Of this amount a total of $8,084,000 was funded via term bank loan drawn against the construction credit facility. The balance was funded out of the Company's own cash resources generated from operations and from short-term investments on hand at the end of 1999. Accounts payable and accrued liabilities at December 31, 2000 include a total of $5,336,000 which represents unpaid progress billings, holdbacks, and other liabilities related to this project.

Other purchases of capital assets include $1,808,000 by Medical Waste Management, the majority of which pertains to the supply and installation of a medical waste incinerator and related emission/pollution control equipment. Regulatory approval to operate an incinerator was received in February 2001 with commercial operation expected to commence in April.

A total of $637,000 was spent to extend the brick storage area to accommodate the additional production and to establish a separate shipping office. This will allow for more efficient management of finished goods inventory as well as dispatch and delivery operations. Capital asset additions totaling $2,073,000 for trucks, trailers, two loaders, and a forklift were acquired under capitalized leases obligations.

Dividends received from Richvale York Block amounted to $2,023,000 in 2000, down slightly from the $2,290,000 received in 1999.

The Company's 38.2% in Richvale York Block Inc. arose in 1993 when the assets and business operations of a 100% owned subsidiary, Peel Block Company (1987) Limited, were transferred into a new company, formed by the Company and Lafarge

Canada Inc., to carry on the combined concrete block operations of Peel Block and the Richvale York division of Lafarge.

The book value of the Company's investment in Richvale York at the time of the initial transfer was $10,190,000. Up to December 31, 2000, the aggregate amount of the Company's share of Richvale York's net income earned was $5,416,000 and the Company's share of dividends received from Richvale York was $8,245,000. Under the equity method of accounting, the book value of the investment is increased by the Company's share of net income earned and reduced by the amount of dividends received. This has produced a book value of the Company's interest in Richvale York of $7,361,000 at December 31, 2000.

Since cash flow generated by Richvale York from its operations has exceeded its on-going cash requirements, the excess has been distributed to its shareholders. Consequently, even though the book value of this investment, accounted for in accordance with Canadian generally accepted accounting principles, has declined and may continue to do so in the future, this may not be reflective of the true economic value of the Company's interest in Richvale York.

During the year, an aggregate of 378,900 Class A subordinate voting shares ("Class A shares") were purchased and cancelled under the Company's Normal Course Issuer Bid. A total of 317,100 Class A shares were acquired under the issuer bid which expired on November 10, 2000, and 61,800 Class A shares were acquired under a second issuer bid which commenced on November 13, 2000. Aggregate consideration paid was $2,180,000 or $5.76 per share. Under the second issuer bid a maximum of approximately 509,500 Class A shares may be acquired during the twelve month period ending November 12, 2001.

In September 2000 the Company invested $2,000,000 to acquire 470,600 special warrants in Futureway Communications Inc., a privately held Canadian company which provides broadband voice, video and data communications services through high-speed, high-capacity fibre-optic networks to high growth, high population density regions of Ontario. Major investors in Futureways Communications Inc., include prominent land developers, builders and Rogers Communications Inc. This investment provides the Company a unique opportunity to participate in a growing industry through a company with significant growth prospects. Each warrant is exchangeable for one common share and will represent approximately a 1.2% interest, when exercised.

At December 31, 2000, there is a working capital deficit of $2,485,000. As noted earlier, current liabilities include a total of $5,336,000 pertaining to the plant expansion project, which will ultimately be funded via long-term debt. Excluding this amount the Company is in a positive working capital position with respect to operating activities.

The Company's credit agreement with its banker provides a $25,000,000 construction credit facility of which $8,084,000 has been drawn as at December 31, 2000. Consequently, there is sufficient financing available within this facility to fund the balance of the project cost. Authorized credit limits for working capital purposes total $9,400,000, none of which has been utilized as at December 31, 2000.

Shareholders' equity at December 31, 2000, is $62,876,000. The ratio of total liabilities, excluding minority interest and future income taxes, to shareholders' equity, is 0.42:1 compared to 0.21:1 last year. The increase in the ratio is the result of additional short and long-term liabilities incurred in connection with the acquisition of capital assets for future growth, specifically the new brick production line and the medical waste incinerator.

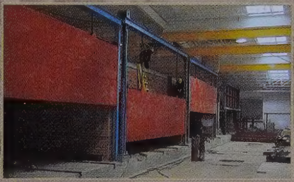
Outlook for 2001

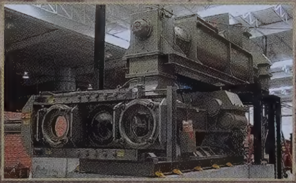
The year 2001 should be another good year for Brampton Brick. Our brick manufacturing plant in Brampton has been operating at capacity and the additional production from the new line will allow the Company to meet the expected increase in demand for its products. Housing starts in our primary market areas are forecasted to remain steady in 2001 and export sales into the Northern and Eastern regions of the United States indicate good growth potential.

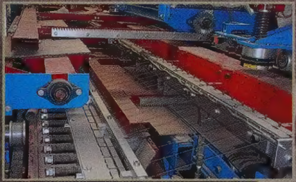
In addition, regulatory approval to permit Medical Waste Management to operate an incinerator should provide a strong boost to the revenue base and profitability of this business.

The Company will be faced with much higher energy costs in 2001 as the prices of natural gas, in particular, and hydro-electric power have increased significantly. Not all of the cost increases can be passed on through higher selling prices. Therefore, gross margins will be affected accordingly.

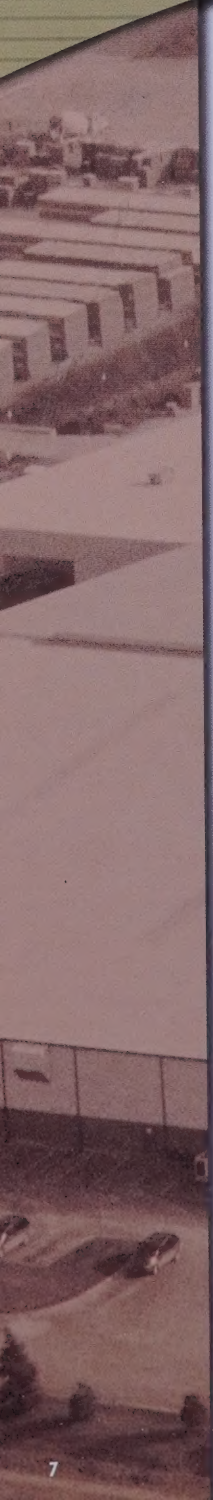
However, with the anticipated increase in brick shipments, further productivity improvements, a focus on cost control and with a positive contribution from the medical waste business, 2001 is expected to be another year of strong financial performance.

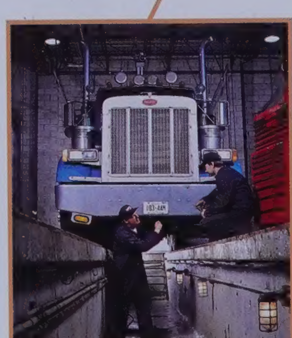






Brampton Brick – North America's single largest, clay brick producing facility under one roof.



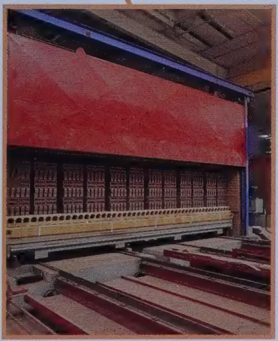


A 9-bay service centre provides our entire fleet of trucks, trailers and off-road mobile equipment with dedicated daily maintenance.

The Company's fully automatic packaging line, with integrated split-cube strapping capabilities, efficiently bundles and straps bricks for delivery.

State-of-the-art, multi-functional handling robots set green brick onto kiln cars at a rate of 29,000 modular brick equivalents per hour.

terchangeable, texture beam mponents add texture to brick lumns while allowing for quick oduct change-over.



Dryer chambers are heated to a temperature of 150°C using excess warm air recovered from the cooling zone of the kiln.

Richvale York Block operates two concrete block plants, one of which is adjacent to Brampton Brick's site in Brampton, Ontario.

Consolidated Balance Sheets

For the years ended December 31, 2000 and 1999 (in thousands of dollars)

	2000	1999
Assets		
Current assets		
Cash and cash equivalents	$ 802	$ 7,576
Accounts receivable	7,199	8,446
Inventories	3,597	3,364
Other current assets	441	241
	12,039	19,627
Capital assets, at cost (note 2)	105,227	69,693
Less: Accumulated depreciation	(33,441)	(30,071)
	71,786	39,622
Other assets		
Investment in Richvale York Block Inc. (note 3)	7,361	8,215
Property held for sale	1,600	1,600
Investment in Futureway Communications Inc. (note 4)	2,000	–
Deferred start-up costs – net of accumulated amortization of $219 (1999 - $94)	33	158
	10,994	9,973
	$ 94,819	$ 69,222
Liabilities		
Current liabilities		
Bank operating advances (note 5)	$ –	$ 485
Accounts payable and accrued liabilities	11,604	5,370
Income taxes payable	1,465	2,026
Long-term debt, current portion (notes 5 and 6)	1,455	956
	14,524	8,837
Long-term debt, less current portion (notes 5 and 6)	12,019	2,413
Minority interest	119	126
Future income taxes	5,281	4,166
	31,943	15,542
Shareholders' Equity		
Capital stock (note 7)	32,930	33,986
Retained earnings	29,946	19,694
	62,876	53,680
	$ 94,819	$ 69,222

See accompanying notes to financial statements.

Approved by the Board of Directors

Jeffrey G. Kerbel, Director

Lloyd S. D. Fogler, Director

Consolidated Statements of Income and Retained Earnings

For the years ended December 31, 2000 and 1999 (in thousands of dollars, except per share amounts)

	2000	1999
Net sales	$ 47,828	$ 43,891
Cost of sales, selling, general and administrative expenses	26,818	26,777
Depreciation and amortization	4,746	4,266
	31,564	31,043
Operating income before the undernoted items	16,264	12,848
Other income (expense)		
Interest on long-term debt	(306)	(567)
Interest income (net)	41	138
Equity income from Richvale York Block Inc. (note 3)	1,169	1,193
Provision for retirement of capital assets	–	(894)
Other income	212	248
	1,116	118
Income before income taxes	17,380	12,966
Provision for (recovery of) income taxes (note 8)		
Current	4,992	3,363
Future	1,115	(259)
	6,107	3,104
Net income for the year	11,273	9,862
Retained earnings – Beginning of year	19,694	9,964
Premiums paid on repurchase of capital stock (note 7)	(1,021)	(132)
Retained earnings – End of year	$ 29,946	$ 19,694
Net income per Class A and B share (note 7)	$ 1.03	$ 0.88

See accompanying notes to financial statements.

Consolidated Statements Of Cash Flows

For the years ended December 31, 2000 and 1999 (in thousands of dollars)

	2000	1999
Cash provided by (used in)		
Operating activities		
Net income for the year	$ 11,273	$ 9,862
Items not affecting cash		
Depreciation and amortization	4,746	4,266
Future income taxes	1,115	(259)
Equity income from Richvale York Block Inc.	(1,169)	(1,193)
Provision for retirement of capital assets	–	894
Other	(108)	(223)
Changes in non-cash operating items		
Accounts receivable	1,247	(1,397)
Inventories	(233)	1,837
Other current assets	(200)	(102)
Accounts payable and accrued liabilities	899	445
Income taxes payable	(561)	694
	17,009	14,824
Financing activities		
Increase (decrease) in bank operating advances	(485)	25
Increase (decrease) in long-term bank loans – net	9,333	(6,895)
Payments on obligations under capital leases	(1,301)	(1,105)
Proceeds from exercise of stock options	103	27
Repurchase of capital stock	(2,180)	(343)
	5,470	(8,291)
Investing activities		
Purchase of capital assets	(29,664)	(4,465)
Proceeds from disposal of capital assets	388	575
Dividends received from Richvale York Block Inc.	2,023	2,290
Investment in Futureway Communications Inc.	(2,000)	–
Other	–	(116)
	(29,253)	(1,716)
Increase (decrease) in cash and cash equivalents	(6,774)	4,817
Cash and cash equivalents – Beginning of year	7,576	2,759
Cash and cash equivalents – End of year	$ 802	$ 7,576
Supplementary information		
Interest paid	$ 329	$ 472
Income taxes paid	$ 5,774	$ 2,749

See accompanying notes to financial statements.

1 Summary of significant accounting policies

Consolidation

These consolidated financial statements include the accounts of Brampton Brick Limited and its subsidiaries, Roxy Construction Co. Limited (80% owned), Medical Waste Management Inc. (65% owned), 1312081 Ontario Limited (wholly owned), 1329171 Ontario Limited (wholly owned) and Brique Citadelle Ltée (wholly owned). All significant intercompany transactions and balances have been eliminated.

Cash and cash equivalents

Cash and cash equivalents are defined as cash and short-term deposits with original maturities of three months or less.

Investments

The investment in Richvale York Block Inc. is accounted for by the equity method.

The investment in Futureway Communications Inc. is accounted for by the cost method.

Inventories

Inventories of manufactured bricks (finished and in process) are valued at the lower of average production cost and net realizable value. Supplies and other purchased inventories are valued at the lower of actual cost and net realizable value.

Depreciation

Depreciation is provided on the straight-line basis at rates designed to write off the capital assets over their estimated useful lives, as follows:

Buildings	2 ½% - 10%
Production and office equipment	6% - 20%
Mobile equipment	15% - 25%

Quarries are depreciated on the unit of production method based on shale extraction and estimated remaining shale reserves.

Income taxes

Future income taxes are provided on an asset and liability method whereby future income tax assets are recognized for deductible temporary differences and operating loss or tax credit carry-forwards, and future income tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the amounts of assets and liabilities recorded for income tax and financial reporting purposes. The income tax expense or benefit is the income tax payable or refundable for the year plus or minus the change in future income tax assets and liabilities during the year.

Foreign currency transactions

Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at year-end exchange rates. Income and expenses denominated in foreign currencies are translated at average monthly exchange rates. Gains and losses resulting from foreign currency transactions are included in other expenses.

Financial instruments

The fair values of financial assets and liabilities do not differ materially from their carrying values included in the consolidated balance sheets.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of the contingent assets and liabilities at the date of the financial statements and revenue and expenses for the period reported. Actual results could differ from those estimates.

For the years ended December 31, 2000 and 1999 (in thousands of dollars)

2 Capital assets

	2000			1999
	Cost	Accumulated amortization	Net	Net
	$	$	$	$
Land, land improvements and quarries	15,760	4,956	10,804	10,236
Buildings	13,121	1,821	11,300	6,061
Machinery and equipment	74,624	26,664	47,960	22,193
Construction-in-process	1,722	–	1,722	1,132
	105,227	33,441	71,786	39,622

As at December 31, 2000, the cost of equipment under capital leases of $6,520 (1999 – $4,818) and accumulated depreciation of $2,193 (1999 – $1,373) is included in machinery and equipment.

During the year, interest of $91 was capitalized to construction-in-process. Construction-in-process relating to the brick plant expansion was completed and transferred to buildings and machinery and equipment as at December 31, 2000.

Construction-in-process at December 31, 2000 relates to the medical waste incinerator of Medical Waste Management Inc.

3 Investment in Richvale York Block Inc.

The Company holds a 38.2% equity investment in Richvale York Block Inc., a concrete block manufacturer with two plants in the Greater Toronto area. The controlling 61.8% interest is held by Lafarge Canada Inc. The investment is accounted for on the equity basis, as follows:

	2000	1999
	$	$
Investment at January 1	8,215	9,312
Share of income for the year	1,169	1,193
Dividends received	(2,023)	(2,290)
Investment at December 31	7,361	8,215

Additional information with respect to the operations and financial position of Richvale York Block Inc. is as follows:

	2000	1999
	$	$
Net income for the year	3,063	3,119
Cash flow from operations	4,157	4,566
Working capital	4,703	6,500
Total assets	24,349	26,747
Shareholders' equity	19,066	21,258

For the years ended December 31, 2000 and 1999 (in thousands of dollars)

4 Investment in Futureway Communications Inc.

The Company holds 470,600 special warrants of Futureway Communications Inc., a Canadian based competitive local exchange carrier that provides broadband voice, video and data communications services. Each warrant is exchangeable for one common share and, when exercised, would represent approximately a 1.2% interest.

5 Bank indebtedness

Pursuant to bank credit agreements, bank operating advances and term loans are secured by general security agreements covering the assets of the Company and its subsidiaries, other than real property and the shares of Richvale York Block Inc., and by fixed charge debentures on all of the Company's properties.

6 Long-term debt

Long-term debt consists of the following:

	2000 $	1999 $
Term bank loan due May 2004	8,084	–
Term bank loan due March 2004, repayable monthly with interest at 8.2%	83	105
Term bank loan due September 2005, repayable monthly with interest at prime plus 0.5%	271	–
Term bank loan due September 2005, repayable quarterly commencing September 2001 with interest at prime plus 1.0%	1,000	–
Obligations under capital leases	4,036	3,264
	13,474	3,369
Less: Payments due within one year – current portion	(1,455)	(956)
	12,019	2,413

The term bank loan due May 2004 is comprised of $5,500 due in Canadian dollars and $1,700 due in U.S. currency. Each component bears interest at floating rates, which effectively approximate Canadian bank prime plus 0.5%.

The term bank loans are secured as indicated in note 5, and the Company is subject to certain financial covenants with respect thereto.

Obligations under capital leases for equipment include the following:

	$
Future minimum lease payments	
2001	1,451
2002	1,306
2003	1,034
2004	449
2005	396
Total minimum lease payment	4,636
Less: Amount representing interest	(600)
Present value of minimum lease payments including $1,176 classified as current	4,036

For the years ended December 31, 2000 and 1999 (in thousands of dollars)

7 Capital stock

The authorized capital of the Company consists of an unlimited number of Preference shares, Class A subordinate voting shares and Class B multiple voting shares. The Class B shares are convertible to Class A shares on a share-for-share basis at any time. Class A shares may be converted to Class B shares in certain circumstances in connection with a takeover bid. Class A shareholders are entitled to one vote per share, and Class B shareholders are entitled to ten votes per share at any meeting of shareholders.

Changes in capital stock during the year were as follows:

	Number of shares *(thousands)*	Stated capital $
Class A shares		
December 31, 1999	7,691	33,984
Repurchased and cancelled during the year	(379)	(1,159)
Options exercised	45	103
Class B shares converted to Class A shares	335	–
December 31, 2000	7,692	32,928
Class B shares		
December 31, 1999	3,407	2
Class B shares converted to Class A shares	(335)	–
December 31, 2000	3,072	2

During 2000, 334,625 Class B shares were converted to 334,625 Class A shares (1999 – 100,000 Class B shares converted). Also, during the year, 378,900 Class A shares (1999 – 68,900 Class A shares) were repurchased by the Company for a total consideration of $2,180 (1999 – $343). The excess of the purchase price over the book value of the Class A shares was charged to retained earnings. The shares were immediately cancelled.

Under the Company's stock option plan, employees, officers and directors hold options to purchase Class A subordinate voting shares. During 2000, options were exercised on 45,500 Class A shares (1999 – 11,500 Class A shares) for aggregate cash of $103 (1999 – $27). As of December 31, 2000, outstanding options were as follows:

Number of shares	Option price $	Expiry
25,000	2.55	2001
167,500	2.05	2002
24,000	2.55	2006
49,500	4.10	2008
169,000	5.75	2008
435,000		

The weighted average exercise price per option is $3.78 (1999 – $3.64).

Earnings per share on a fully diluted basis, giving effect to the exercise of outstanding options, are calculated at $1.00 per share for the year ended December 31, 2000 (1999 – $0.87).

8 Income taxes

Effective January 1, 2000, the Company implemented section 3465 of the Canadian Institute of Chartered Accountants Handbook entitled "Accounting for Income Taxes" and this policy is described in note 1. This change in accounting policy was applied retroactively and did not require adjustment to retained earnings or deferred income taxes as previously reported.

For the years ended December 31, 2000 and 1999 (in thousands of dollars)

The effective rate of income tax recorded in the consolidated statements of income and retained earnings differs from the normal combined rate of federal and provincial income tax, as follows:

	2000 %	1999 %
Combined basic federal and Ontario tax rate	44.0	44.6
(Decrease) increase in rate resulting from		
Manufacturing and processing profits deduction	(7.6)	(7.7)
Loss carry-forward used in the current year	–	(9.0)
Other non-taxable and non-deductible items	(1.3)	(4.0)
Effective rate of tax	35.1	23.9

The Company has losses carried forward of approximately $663 in Medical Waste Management Inc., the benefits of which have not been recognized in the financial statements. These losses expire in 2007. In addition there are income tax losses of approximately $1,588 pertaining to Property Held for Sale which will become available for use upon disposition of this property.

Future income taxes are applicable to the following temporary differences:

	2000 $	1999 $
Depreciable capital assets	(5,182)	(4,287)
Investment in Richvale York Block Inc.	984	721
Losses available for carry-forward	785	840
Other	(148)	44
	(3,561)	(2,682)
Less:		
Valuation allowance due to the investment in Richvale York Block Inc.	(984)	(721)
Valuation allowance with respect to losses available for carry-forward	(736)	(763)
	(5,281)	(4,166)

9 Commitments

Future minimum lease payments due under a building operating lease are as follows:

	$
2001	128
2002	128
2003	132
2004	141
2005	145
Thereafter	784
	1,458

10 Related party transactions

Affiliates and associates of certain officers and directors of the Company are customers of the Company. Sales to these customers are made on competitive terms and conditions. Such customers accounted for approximately 12.1% of sales in the aggregate in the year ended December 31, 2000 (1999 – 9.6%).

11 Comparative figures

Certain of the prior year's balances have been reclassified to conform with the current year's financial statement presentation.

To the Shareholders of Brampton Brick Limited

We have audited the consolidated balance sheets of Brampton Brick Limited as at December 31, 2000 and 1999 and the consolidated statements of income and retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2000 and 1999 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants,
Mississauga, Ontario
February 9, 2001

Five Year Financial Review

(in thousands of dollars, except per share amounts)

Operations	2000	1999	1998	1997	1996
Net sales	$ 47,828	$43,891	$ 34,949	$36,668	$26,702
Net income	11,273	9,862	7,042	6,541	2,094
Depreciation and amortization	4,746	4,266	3,862	3,392	2,832
Cash provided by operations	17,009	14,824	9,243	12,946	3,626
Purchase of capital assets	29,664	4,465	5,955	3,862	3,443
Land development costs	–	–	705	1,657	7,990
Financial Position					
Current assets	$ 12,039	$19,627	$ 15,179	$ 15,609	$ 13,864
Working capital (deficit)	(2,485)	10,790	7,992	6,464	4,535
Capital assets (net)	71,786	39,622	38,305	34,537	34,120
Total assets	94,819	69,222	64,501	63,622	64,933
Long-term debt	12,019	2,413	8,534	13,866	24,872
Shareholders' equity	62,876	53,680	44,134	37,033	30,327
Financial Ratios					
Current ratio	0.83:1	2.22:1	2.11:1	1.71:1	1.49:1
Total liabilities to shareholders' equity	0.51:1	0.29:1	0.46:1	0.72:1	1.14:1
Return on average shareholders' equity (%)	19.3	20.2	17.4	19.4	7.2
Share Data					
Net income per share	$ 1.03	$ 0.88	$ 0.63	$ 0.59	$ 0.19
Book value per share	5.84	4.84	3.96	3.33	2.74
Average number of shares outstanding (000's)	10,943	11,155	11,147	11,079	11,053

Corporate Directory

Directors

Rudolph P. Bratty, Q.C.*†

Jim V. De Gasperis

Lloyd S.D. Fogler, Q.C.*†

Jean Fournier*

Howard C. Kerbel*

Jeffrey G. Kerbel†

Barry Kornhaber

Peter R. Smith

*Member of Audit Committee
†Member of Compensation Committee

Senior Officers

Jeffrey G. Kerbel
President and Chief Executive Officer

Barry Kornhaber
Secretary-Treasurer

Kenneth J. Mondor
Vice-President, Finance
and Chief Financial Officer

Jack W. Duke
Vice-President,
Sales and Marketing

J. Brad Duke
Vice-President, Manufacturing

Michael O. Burns
President, Roxy Construction Co. Limited

Daniel R. Kennedy
President, Medical Waste Management Inc.

Corporate Office

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Stock Listing

Toronto Stock Exchange

Share Symbol

"BBL.A"

Registrar and Transfer Agent

CIBC Mellon Trust Company, Halifax, Montreal,
Toronto, Winnipeg, Calgary and Vancouver

Shareholder enquiries of CIBC Mellon Trust Company

Toll free in Canada and United States 1-800-387-0825
In Toronto: 416-813-4600

General Counsel

Fogler, Rubinoff LLP

Auditors

PricewaterhouseCoopers LLP

Operations

Brampton Brick Limited
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Roxy Construction Co. Limited
225 Wanless Drive, Brampton, Ontario

Medical Waste Management Inc.
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On peut se procurer des copies du rapport annuel
en français en s'adressant au Vice-président,
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